



March 5, 2014

FCC

Attn: Federal Communications Commission (FCC) Staff
1129 20th Street NW Suite 350
Washington, D.C. 20086

RE: Expression of Interest – Rural Trials
Docket No. 10-90

Dear Staff:

On behalf of the City of Chanute, Kansas it is with great pleasure that we submit this Expression of Interest. Our City has made tremendous strides towards developing a fiber-based broadband infrastructure. We are struggling; however, to fund the deployment costs of a Fiber to the Premise (FTTP) network and maintain reasonable rates in relation to the median income of our community. We are eager to participate in this program. We are finalizing the financial model which develops an FTTP solution that will bring innovation and prosperity back to Chanute. It is therefore with great enthusiasm that we submit the following in support of the Commission's plan for the expansion of broadband facilities within rural America.

Who Is the City of Chanute, Kansas

The City of Chanute is a rural community in southeastern Kansas with a 2010 census population of 9,119. Chanute is located in the northwest portion of Neosho County, Kansas, one of seventeen economically depressed counties in southeast Kansas where the state and local government agencies have tried to encourage economic growth through the creation of Project 17. Neosho County has the lowest per capita income levels of all of the counties identified as part of Project 17.

The City of Chanute has seen successful economic, healthcare, and educational outcomes by providing limited fiber optic broadband services to our Community Anchor Institutions and select business customers. The City believes that significant additional economic benefits will be achieved by expanding our broadband network.

Municipal Utilities:

The City of Chanute established municipal ownership of an electric generating and distributing system in 1903, using \$32,000 from the gas department for this transaction. The City of Chanute is one of only a handful of remaining full-service cities in the State of Kansas. We initially created our fiber network in 1984 to support our Electric Utilities' SCADA System.

Because the incumbent providers would not support the high speed broadband needs of our community, in 2005 the City of Chanute became an Internet Service Provider to support the needs of our Community Anchor Institutions and to retain key business partners in Chanute.

We have made additional attempts to partner with incumbent and other local service providers in an effort to assist and encourage the deployment of broadband facilities throughout Neosho County. Unfortunately, the existing providers have expressed no desire to partner, expand, or upgrade their networks to provide the high speed broadband services vital to our economic recovery. Our only hope is to become that broadband service provider for the purpose of stimulating economic development, improved health care solutions via telemedicine, and a network solution to further support public education facilities in the county.

We understand that true ultra-high speed broadband is just as important in today's information society as electricity was over 110 years ago when Chanute began its municipal electric utility and believe it will be the cornerstone for future economic growth for Chanute. The Internet has in fact become an essential Utility intended to benefit all.

Geographic Territory:

Our existing infrastructure provides services to Community Anchor Institutions, (Hospital, Library, Schools, etc...) and key business partners in Chanute. We have extended our services through limited wireless connections to the surrounding communities of Erie and Galesburg. In Erie, the Neosho County Seat, the City of Chanute constructed fiber optics between the Erie Public School District's (USD 101) facilities within Erie. Chanute also has a broadband wireless link to the USD 101 Middle School in Galesburg, Kansas as part of the services provided to the school district.

The original backhaul equipment also established a link between Chanute and the County Sheriff's Department, Neosho County's central dispatch, and the 911 call center. Chanute still provides this vital public safety connectivity at no charge to Neosho County.

Neosho County encompasses a total of 578 square miles and has a 2010 population of only 16,512. Chanute's 9,119 residents make it the largest population center in Neosho County. Because of this low population density, local service providers are reluctant to invest in capital cost intensive, state of the art broadband facilities.

The City of Chanute is willing to leverage its experience and available network resources to support the needs of the other counties in southeast Kansas that do not have high speed

broadband services. This would be an extensive effort, requiring substantial financial assistance, but Chanute is willing and eager to work with other service providers to deliver vital high speed broadband services to support the economies of the neighboring communities.

Customer Base:

The City of Chanute currently provides service to 52 Community Anchor Institutions and business customers. The majority of the service provided is symmetrical 1 gigabit service over city-owned and operated fiber facilities. However, we are leaving the rest of the community without access to this service. The current Fiber Optic Network only passes approx. 5% of the total 5,000 residents and businesses in the City.

Over 21% of the children living in Neosho County are considered below the poverty line and are on some type of financial assistance program. As such, the City of Chanute proposes to offer a Lifeline Broadband program for the low income households similar to the present FCC program for Lifeline Voice services. Of the 50+ city-facilities and anchor institutions served today, well over half of these receive free gigabit service.

Additional Service Capabilities:

Chanute is also considering a "Smart City" concept where local governmental services, access to the School District's network, and access to telemedicine services through the hospital would be provided at no cost to Chanute residents through the local Chanute fiber network via an "Intranet" service.

Total Project Cost Estimate:

We estimate the total cost of construction and implementation to be just under \$25 million.

The City of Chanute has already paid for and received a comprehensive business plan. Based on the results of the business plan, the City Commission voted unanimously to issue a Request for Proposal (RFP) for the engineering and deployment of a GPON network. The RFP included initial pilot and full deployment phases.

Detailed engineering design has been completed for the initial pilot area in a portion of the community as a method to help identify construction risks and improve the accuracy of the project cost estimates. The information developed during the detailed engineering design was a key refinement of our business plan and lends great confidence to the accuracy of our financial model.

With financial assistance, we believe that we can develop this project and deliver economic benefits to Chanute, Kansas. In addition, we could extend this solution and its' benefits beyond

our area and provide similar opportunities for innovation and prosperity in the region. Without financial assistance, the costs of the required infrastructure deployment to deliver ultra broadband services inhibit us from reaching the full potential of this expansion.

Financial Assistance & Sustainability:

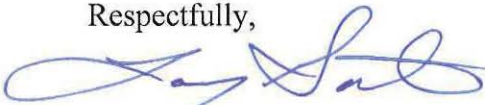
Our business plan and feasibility study show that the City will only require initial CAPX financial support to complete the project. Cash reserves are available to fulfill the operating requirements and negative cash flow until such time as the project will stand on its own. The City of Chanute proposes contributing 51% of the initial CAPX requirement if the FCC could assist with the 49% balance of the project.

Estimate of Readiness:

The City of Chanute has a comprehensive business plan. It has already invested in validation of the cost estimates in the business plan through the RFP process and commissioned detailed engineering design for portions of the network. The City of Chanute is ready to deploy, but without some sort of financial assistance, the project may never grow beyond the pilot phase.

We appreciate the opportunity to voice our support for the Commission's efforts and hope you will be able to support communities like Chanute in their effort to continue the development of rural America.

Respectfully,



Larry Gates
Director of Utilities